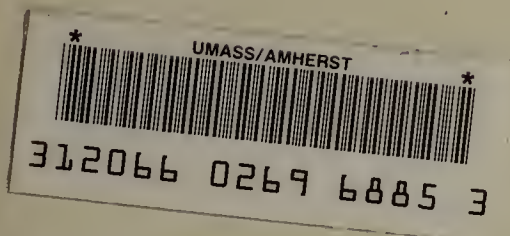


ASS. AF1.2: R29/2/988-990

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R29/2/
988-990



November 4, 1988

Honorable Frank Keefe
Secretary for Administration
and Finance
Room 373 -- State House
Boston, MA 02133

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Dear Secretary Keefe:

Enclosed is the Report of the Advisory Board on Revenue
resources and the State Economy in accordance with the statute
which mandates its existence. I would be happy to discuss our
report in person should that be desirable.

Sincerely,

James N. Bailey, re

James N. Bailey
Chairman, Advisory Board
on Revenue Resources and
the State Economy

NB:mpb

cc: Robert H. McClain, Jr. ✓

October 15, 1988

REPORT OF THE ADVISORY BOARD ON
REVENUE RESOURCES AND THE
STATE ECONOMY

The Advisory Board has met three times as a group since its last report of April 15, 1988. In addition, there have been a number of informal discussions among Board members and between Board members and various Executive Branch administrators responsible for revenue forecasts, tax collection and financial planning. Finally, members of the Board have studied a number of national econometric forecasts of economic activity as well as had discussions with leading national economists and have used these sources of information in the development of our projections of tax collections.

As you know, last May we had a special meeting and revised down our April fiscal year 1988 estimates in light of shortfalls in receipts in April and May. As a result of these revisions, we revised down our fiscal 1989 estimates from \$9.186 billion to \$9.054 billion. (This includes racing and miscellaneous receipts.) Subsequent to these revisions a number of variables changed: the Supreme Judicial Court ruled against the Commonwealth in the "GE" case; actual tax collections for fiscal 1988 fell significantly below our estimates, in part because

of this tax case, but more importantly because Income and Sales tax receipts fell significantly short of our estimates; and a number of tax law changes and enforcement initiatives were enacted with the 1989 budget which were designed to increase tax receipts.

The Advisory Board reviewed the effect of these changed circumstances as well as actual collections, first at a special meeting in August and then at our regular meeting in October. We have determined that we will maintain our estimate at \$9.054 billion at this time. The extremely large number of tax law changes, the significant expectations about increased tax receipts through additional enforcement activity, the uncertainty about the pace of national and state economic activity and inflation, and the extreme volatility in month to month and year over year tax receipts make it very difficult to determine whether a change in our original estimate is appropriate at this time. Hence, we will hold an additional special meeting in November or December of this year, to allow more actual collection data to accumulate, giving us better guidance as to whether a change is appropriate. However, we would observe at this time that available data suggest it is unlikely that our estimate will be increased upwards; the more probable course is a downward revision. Hence, we would urge caution, both with regard to fiscal 1989 and in formulating a fiscal 1990 budget.

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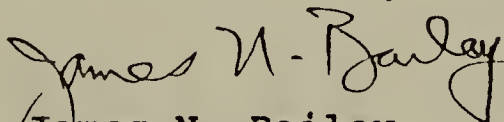
January 16, 1989

Honorable L. Edward Lashman:
Secretary for Administration
and Finance
Room 373 -- State House
Boston, MA 02133

Dear Secretary Lashman:

Enclosed is the Report of the Advisory Board on Revenue Resources and the State Economy in accordance with the statute which mandates its existence. I would be happy to discuss our report in person should that be desirable.

Sincerely,



James N. Bailey
Chairman, Advisory Board
on Revenue Resources and
the State Economy

JNB:mpb

cc: ✓ Mr. Robert H. McClain, Jr.
Mr. Stephen Kidder

5974 053

MASS. AF1.2: R29/2/1989 - 6

June 7, 1989

Honorable L. Edward Lashman:
Secretary for Administration
and Finance
Room 373 -- State House
Boston, MA 02133

Dear Secretary Lashman:

Enclosed is an updated April quarter report of the Advisory Board on Revenue Resources and the State Economy.

We have revised downward our Fiscal Year 1989 estimate of Commonwealth tax receipts by \$55 million from \$8.831 billion to \$8.776 billion. We have also revised downward our Fiscal Year 1990 estimate by \$110 million from \$9.527 billion to \$9.417 billion.

I would be happy to discuss our report in person should that be desirable.

Sincerely,

James N. Bailey
James N. Bailey
Chairman, Advisory Board
on Revenue Resources and
the State Economy

JNB:mpb

cc:

Tax Revenues	Actual	Advisory Bd.	
	1988	Fiscal '89 Estimate	Fiscal '90 Estimate
Alcoholic Beverages	78,012	77.0	78.0
Banks			
Commercial	110,963	107.0	120.0
Savings	108,111	100.0	100.0
Cigarettes	168,479	160.0	155.0
Corporations	771,806	910.0	1,075.0
Deeds	50,562	48.0	48.0
Income	3,984,746	4,270.0	4,570.0
Inheritance & Estate	254,701	260.0	273.0
Insurance	241,226	288.0	298.0
Motor Fuel	305,517	307.0	312.0
Public Utilities	74,007	65.0	65.0
Racing & Other Misc.	33,328	35.0	30.0
Room Occupancy	50,222	59.0	65.0
Sales & Uses			
Regular	1,357,673		
Meals	287,780		
Motor Vehicles	375,640		
TOTAL	2,021,093	2,070.0	2,215.0
Misc., Beano, Raffles & Bazaars	18,081	20.0	13.0
TOTAL TAXES	8,270,855	8,776.0	9,417.0

* Includes Housing Partnership Trust Fund and Insurance Tax which are not shown as line items.

MASS. ADJ. 2: R21/2/190-1

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October 10, 1989

Honorable L. Edward Lashman
Secretary for Administration
and Finance
Room 373 -- State House
Boston, MA 02133

Dear Secretary Lashman:

Enclosed is the Report of the Advisory Board on Revenue Resources and the State Economy. We have revised downward our Fiscal Year 1990 estimate of Commonwealth tax receipts by \$340 million from \$9.416 billion to \$9.095 billion.

Our Income estimate does not take into account the changes in the income tax law which I understand DOR is separately identifying. I might also note that our estimate does not assume a change in Federal capital tax law and hence may be subject to change if Congress acts.

I would be happy to discuss our report in person should that be desirable.

Sincerely,

James N. Bailey JNB

James N. Bailey
Chairman, Advisory Board
on Revenue Resources and
the State Economy

JNB:mpb

cc:

Mr. Robert Capeless
Mr. Jerry Hausman
Mr. Stephen Kidder
✓ Mr. Robert H. McClain, Jr.
Senator Patrick McGovern
Representative Richard Voke
Mr. Robert Zevin

ESTIMATE OF COMMONWEALTH TAX RECEIPTS FISCAL 1990
(ALL FUNDS, DOLLARS IN MILLIONS)

October 6, 1989

Tax Revenues	Actual 1988	Actual 1989	Advisory Board Fiscal 1990 Estimate	Fiscal 1990 Aug. 15 DOR Estimate
Alcoholic Beverages	78,012	75,753	78.0	74.0
Banks				
Commercial Savings	110,963 108,111	125,155 98,316	100.0 90.0	120.0 92.0
Cigarettes	168,479	158,772	155.0	153.0
Corporations	771,806	887,059	950.0	953.0
Deeds	50,562	46,076	45.0	45.0
Income	3,984,746	4,286,689	4,500.0	4,620.0
Inheritance & Estate	254,701	258,560	273.0	265.0
Insurance	241,226	294,585	298.0	297.0
Motor Fuel	305,517	306,871	312.0	312.0
Public Utilities	74,007	72,245	65.0	68.0
Racing	33,328	32,446	30.0	31.0
Room Occupancy	50,222	57,896	65.0	61.0
Sales & Uses				
Regular	1,357,673	1,445,914		
Meals	287,780	296,874		
Motor Vehicles	375,640	341,742		
TOTAL	2,021,093	2,084,530	2,100.0	2,142.0
Misc., Beano, Raffles and Bazaars	18,081	21,585	34.0	32.7
TOTAL TAXES	8,270,855	8,806,539	9,095.0	9,266.7

* Includes Housing Partnership Trust Fund and Insurance Tax which are not shown as line items.

MASS. AFL. 2: R29/2/990-4

April 9, 1990

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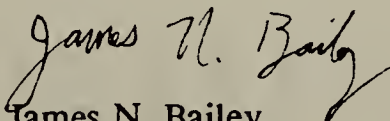
Honorable L. Edward Lashman
Secretary for Administration
and Finance
Room 373 -- State House
Boston, MA 02133

Dear Secretary Lashman:

Enclosed is the Report of the Advisory Board on Revenue Resources and the State Economy. We have revised downward our Fiscal Year 1990 estimate of Commonwealth tax receipts by \$227 million from \$8.872 billion to \$8.645 billion. We also revised downward our Fiscal Year 1991 estimate by \$559 million from \$9.220 billion to \$8.661 billion. As I have mentioned before, our estimate does not assume a change in Federal capital gains tax law and hence may be subject to change if Congress acts.

I would be happy to discuss our report in person should that be desirable.

Sincerely,


James N. Bailey
Chairman, Advisory Board
on Revenue Resources and
the State Economy

JNB:mpb

cc:

Mr. Frederick S. Breimyer
Mr. Robert Capeless
Mr. Jerry Hausman
Mr. Stephen Kidder
Mr. Robert H. McClain, Jr.
Senator Patricia McGovern
Representative Richard Voke
Mr. Robert Zevin

ESTIMATE OF COMMONWEALTH TAX RECEIPTS FISCAL
(ALL FUNDS, DOLLARS IN MILLIONS)

April 9, 1990

<u>Tax Revenues</u>	<u>Actual 1988</u>	<u>Actual 1989</u>	<u>Fiscal 1990 Nov. 6 DOR Estimate</u>	<u>Fiscal 1990 March DOR Revised Est.</u>	<u>Advisory Board Fiscal 1990 Estimate</u>	<u>Advisory Board Fiscal 1991 Estimate</u>
Alcoholic Beverages	78,012	75,753	72.0	70.0	70.0	68.0
Banks						
Commercial Savings	110,963 108,111	125,155 98,316	85.0 85.0	85.0 60.0	75.0 50.0	55.0 40.0
Cigarettes	168,479	158,772	153.0	153.0	150.0	140.0
Corporations	771,806	887,059	865.0	780.0	740.0	665.0
Deeds	50,562	46,076	35.0	40.0	40.0	40.0
Income	3,984,746	4,286,689	4,540.0	4,470.0	4,510.0	4,625.0
Inheritance & Estate	254,701	258,560	255.0	260.0	260.0	280.0
Insurance	241,226	294,585	310.0	315.0	293.0	275.0
Motor Fuel	305,517	306,871	308.0	300.0	300.0	300.0
Public Utilities	74,007	72,245	62.0	65.0	65.0	65.0
Racing	33,328	32,446	31.0	31.0	30.0	31.0
Room Occupancy	50,222	57,896	50.0	55.0	58.0	55.0
Sales & Uses						
Regular	1,357,673	1,445,914				
Meats	287,780	296,874				
Motor Vehicles	375,640	341,742				
TOTAL	2,021,093	2,084,530	1,990.0	2,007.0	1,970.0	2,100.0
Misc., Beano, Raffles and Bazaars	18,081	21,585	34.0	34.0	34.0	22.0
TOTAL TAXES	8,270,855	8,806,539	8,875.0	8,725.0	8,645.0	8,661.0

* Includes Housing Partnership Trust Fund and Insurance Tax which are not shown as line items.

MAS. AR 1.2: R29/2/1990-6

June 6, 1990

Honorable L. Edward Lashman
Secretary for Administration
and Finance
Room 373 -- State House
Boston, MA 02133

Dear Secretary Lashman:

Enclosed is the Report of the Advisory Board on Revenue Resources and the State Economy. We have revised downward our Fiscal Year 1990 estimate of Commonwealth tax receipts by \$63 million from \$8.645 billion to \$8.582 billion. We also revised downward our Fiscal Year 1991 estimate by \$75 million from \$8.661 billion to \$8.586 billion. Our estimate does not assume a change in Massachusetts tax law and hence will be subject to change if State tax laws change.

I would be happy to discuss our report in person should that be desirable.

Sincerely,

James N. Bailey /mas

James N. Bailey
Chairman, Advisory Board
on Revenue Resources and
the State Economy

JNB:mpb

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ESTIMATE OF COMMONWEALTH TAX RECEIPTS FISCAL 1990, 1991
(ALL FUNDS, DOLLARS IN MILLIONS)

Tax Revenues	Actual 1988	Actual 1989	Fiscal 1990		Fiscal 1990 March DOR Revised Est.	Advisory Board Fiscal 1990 Estimate	Advisory Board Fiscal 1991 Estimate
			Nov. 6 DOR Estimate	Nov. 6 DOR Estimate			
Alcoholic Beverages	78,012	75,753	72.0	70.0	70.0	70.0	68.0
Banks							
Commercial Savings	110,963	125,155	85.0	85.0	85.0	70.0	50.0
	108,111	98,316	85.0	60.0	60.0	50.0	40.0
Cigarettes	168,479	158,772	153.0	153.0	153.0	150.0	140.0
Corporations	771,806	887,059	865.0	780.0	780.0	700.0	650.0
Deeds	50,562	46,076	35.0	40.0	40.0	40.0	40.0
Income	3,984,746	4,286,689	4,540.0	4,470.0	4,470.0	4,490.0	4,600.0
Inheritance & Estate	254,701	258,560	255.0	260.0	260.0	280.0	280.0
Insurance	241,226	294,585	310.0	315.0	315.0	280.0	275.0
Motor Fuel	305,517	306,871	308.0	300.0	300.0	300.0	300.0
Public Utilities	74,007	72,245	62.0	65.0	65.0	60.0	65.0
Racing	33,328	32,446	31.0	31.0	31.0	30.0	31.0
Room Occupancy	50,222	57,896	50.0	55.0	55.0	58.0	55.0
Sales & Uses							
Regular	1,357,673	1,445,914					
Meals	287,780	296,874					
Motor Vehicles	375,640	341,742					
TOTAL	2,021,093	2,084,530	1,990.0	2,007.0	2,007.0	1,970.0	1,970.0
Misc., Beano, Raffles and Bazaars	18,081	21,585	34.0	34.0	34.0	34.0	22.0
TOTAL TAXES	8,270,855	8,806,539	8,875.0	8,725.0	8,725.0	8,582.0	8,586.0

* Includes Housing Partnership Trust Fund and Insurance Tax which are not shown as line items.

MASS. AF 1-2: R29/2/990-10

October 30, 1990

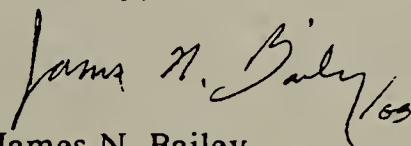
Honorable L. Edward Lashman
Secretary for Administration
and Finance
Room 373 -- State House
Boston, MA 02133

Dear Secretary Lashman:

Enclosed is the Report of the Advisory Board on Revenue Resources and the State Economy. We have revised upward our Fiscal Year 1991 estimate of Commonwealth tax receipts by \$460 million, from \$8,586 million to \$9,046 million. The change incorporates the Acts of 1990, Chapters 121 and 150 tax increases which affect the tax receipts for income, motor fuels, sales and corporations. We have also estimated the Fiscal Year 1992 tax revenues. The Advisory Board's forecast of \$9,270 million is lower than the Department of Revenue's, differing by \$551 million. Again these estimates include the Chapters 121 and 150 tax increases.

I would be happy to discuss our report in person should that be desirable.

Sincerely,



James N. Bailey
Chairman, Advisory Board
on Revenue Resources and
the State Economy

JNB:mpb

cc:

Mr. Frederick S. Breimyer
Mr. Robert Capeless
Mr. Jerry Hausman
Mr. Stephen Kidder
Mr. Robert H. McClain, Jr.
Senator Patricia McGovern
Representative Richard Voke
Mr. Robert Zevin

ESTIMATE OF COMMONWEALTH TAX RECEIPTS FISCAL 1991, 1992*
October 30, 1990

<u>Tax Revenues</u>	<u>Actual 1989</u>	<u>Actual 1990</u>	<u>DOR Fiscal 1991 Sept. 25 Revised Est.</u>	<u>Advisory Board Fiscal 1991 Revised Est.</u>	<u>DOR Fiscal 1992 Sept. 26 Estimate</u>	<u>Advisory Board Fiscal 1992 Estimate</u>
Alcoholic Beverages	75,753	70,776	67.0	66.0	62.0	61.0
Banks						
Commercial	125,155	64,525	43.2	40.0	55.0	40.0
Savings	98,316	46,219	35.0	30.0	35.0	30.0
Cigarettes	158,626	150,769	145.0	140.0	138.0	135.0
Corporations	887,059	716,844	602.2	600.0	548.0	525.0
Deeds	46,076	37,629	35.0	32.0	34.0	30.0
Income	4,286,696	4,465,226	5,232.6	5,050.0	5,669.4	5,225.0
Inheritance & Estate	258,560	276,447	260.0	255.0	255.0	235.0
Insurance	294,585	265,453	262.7	260.0	245.0	260.0
Motor Fuel	306,871	301,955	450.3	445.0	532.6	490.0
Public Utilities	72,245	62,043	59.3	63.0	65.0	65.0
Racing	32,666	31,749	30.0	28.0	30.0	26.0
Room Occupancy	57,896	56,626	55.0	55.0	52.0	52.0
Sales & Uses						
Regular	1,445,907	1,370,530				
Meals	296,874	295,948				
Motor Vehicles	341,156	289,989				
TOTAL	2,083,937	1,956,466	1,982.6	1,960.0	2,084.3	2,080.0
Misc., Beano, Raffles and Bazaars	32,213	35,042	24.1	22.0	16.3	16.0
TOTAL TAXES	8,816,654	8,537,769	9,284.0	9,046.0	9,821.6	9,270.0

* Estimates include 1990 acts, Chapters 121 and 150 tax increases

Note: Includes Housing Partnership Trust Fund and Insurance Tax which are not shown as line items.

